

NOTICE PUBLICATION/REGULATIONS SUBMISSION

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER	EMERGENCY NUMBER 2013-0322-03ER
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For use by Office of Administrative Law (OAL) only

2013 MAR 22 PM 3:35

OFFICE OF
ADMINISTRATIVE LAW

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY
California Health Benefit Exchange

AGENCY FILE NUMBER (if any)

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Process for selecting Pediatric Dental Health Plans for the Exchange		1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2013-0215-02 E	
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)			
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)		ADOPT 6446	
		AMEND	
TITLE(S) 10		REPEAL	
3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))			
<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input checked="" type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)			
<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input type="checkbox"/> Other (Specify) _____			
<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only			
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)			
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> §100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify) _____			
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal			
<input type="checkbox"/> Other (Specify) _____			
7. CONTACT PERSON Brandon Ross		TELEPHONE NUMBER (916) 323-3471	FAX NUMBER (Optional) E-MAIL ADDRESS (Optional) brandon.ross@hbex.ca.gov

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

For use by Office of Administrative Law (OAL) only

SIGNATURE OF AGENCY HEAD OR DESIGNEE

DATE

TYPED NAME AND TITLE OF SIGNATORY
Peter V. Lee, Executive Director

3/22/13

Adopt Section 6446 to read:

SECTION 6446: PEDIATRIC DENTAL HEALTH PLAN SOLICITATION

- (a) The Exchange will solicit bids from Dental Plan Issuers to offer market and sell Pediatric Essential Health Benefits Dental Plans. Bids are sought for statewide and regional dental plans.
- (b) Definitions: For purposes of this section, the following terms mean:
 - (1) Bidder: A Dental Plan Issuer seeking to enter into a contract for the sale of Pediatric EHB Dental Plans through the Exchange.
 - (2) Coalition: A group of individual Dental Plan Issuers who together submit a bid to provide statewide dental coverage through the Exchange.
 - (3) Dental Plan Issuer: A carrier licensed to provide dental coverage in the state of California.
 - (4) Member or Enrollee: an individual who is enrolled in a Pediatric EHB Dental Plan.
 - (5) Pediatric Essential Health Benefits Dental Plan or Pediatric EHB Dental Plan: A dental benefit plan for children up to age 19, providing dental services coverage and which must meet all applicable requirements of the Patient Protection and Affordable Care Act of 2010 (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), including actuarial value requirements and prohibiting the imposition of frequency limitations on covered dental care.
 - (6) Pediatric EHB Dental Standard Benefit Plan Design: Benefit plan design adopted by the Exchange which stipulates required coverage levels, cost-sharing amounts, covered services and deductible levels in accordance with required actuarial values.
 - (7) Primary Issuer: A Dental Plan Issuer responsible for aggregating and managing members of a Coalition.
 - (8) Solicitation: The California Health Benefit Exchange 2012 – 2013 Solicitation to Dental Issuers And Invitation to Respond v2, dated February 1, 2013.
- (c) To be considered for participation as a Pediatric EHB Dental Plan, Bidder must meet the following requirements when submitting responses to the Solicitation:
 - (1) Bidder must hold the required licenses to operate as a Dental Plan Issuer in the State of California. Bidder must verify whether it is in good standing with all appropriate local, state and federal licensing authorities. Good standing means that the Bidder has had no fines, penalties levied, citations, or ongoing disputes, which are of a material

nature, with either the California Department of Insurance or the Department of Managed Health Care in the last two years.

- (2) Bidder must verify whether it is seeking a certificate of authority or an amendment to an existing certificate of authority from the appropriate regulatory agency, which is either the California Department of Insurance or the Department of Managed Health Care, in order to meet the requirements of individual and small group products to be offered in the California Health Benefit Exchange.
- (3) In response to this Solicitation, Bidder must submit all material necessary to obtain approval of Pediatric EHB Dental Plans to the appropriate California regulatory agency.
- (4) Bidder must bid to cover its entire licensed service area, and must verify that it has done so.
- (5) Bidder must use low-income population data provided by the Exchange in the Bidder's Library on the HBEX 15 Solicitation at <http://www.healthexchange.ca.gov/Solicitations/Documents/Dental%20Providers.pdf> to create and submit maps showing contracted Federally-Qualified Health Centers and other dental providers serving low-income populations plotted by county.
- (6) Bidder must have the ability to show the Exchange an example of a member website.
- (7) Bidder may only vary the premium for the Pediatric EHB Dental Plan by geography (rating region), by coverage tier, and by actuarial value level.
- (8) If a Bidder chooses to submit a bid for statewide coverage as a Coalition of multiple Dental Plan Issuers, a Primary Issuer must take responsibility for aggregating and managing Coalition members. All Dental Plan Issuers who are members of the Coalition must be a party to the Coalition contract with the Exchange and must individually meet the Exchange's requirements in this section.
- (9) A successful Bidder must attest that it will use a health assessment tool to identify enrollees who are in need of covered restorative treatment services at the time of enrollment.
- (10) A successful Bidder must attest that it will provide reports to the Exchange related to utilization, costs, quality, operations and performance guarantees.
- (11) A successful Bidder must attest that it will build data interfaces with the Exchange's eligibility and enrollment systems and report transactions to the Exchange.
- (12) A successful Bidder must attest that it will be ready to accept enrollment as of October 1, 2013.
- (13) Bidder must maintain a system of accountability for quality improvement in accordance with all applicable statutes and regulations.

- (14) Bidder must provide its active dental membership, as of July 1, 2012, in the state of California, defined by market segment (individual, employer-sponsored vs. voluntary).
- (15) Bidder must describe three attributes of its organization Bidder believes distinguishes itself from its competitors.
- (16) Describe up to three examples of Bidder's successful innovations to improve service quality and reduce costs.
- (17) Verify whether Bidder offers discount programs related to non-covered services.
- (18) Provide a brief description of any outside vendors that Bidder will utilize to serve the Exchange.
- (19) Provide the physical location of all administrative teams that Bidder proposes to serve The Exchange.
- (20) Describe whether the account team members (e.g. implementation manager, claims specialist, member services manager, etc.) will be dedicated to the Exchange.
- (21) Describe whether a dedicated implementation manager will be assigned to lead and coordinate the implementation activities with the Exchange.
- (22) Describe the services and support Bidder will provide during the implementation process and what information and resources will be required of the Exchange.
- (23) Should Bidder's organization be selected, explain how Bidder plans to accommodate the additional enrollees.
- (24) Describe whether Bidder will provide the Exchange with a dedicated claims processing unit.
- (25) Verify whether the Exchange will retain the right to annually audit/assess the plan administrator's compliance with the terms of the contract, including but not limited to a claims audit or audit for cause of irregular activity, either directly or through its authorized agents. Verify whether you will provide 2 years' worth of claims experience with no limit on the number of claims that may be reviewed and that any audits will be completed with no additional cost to the Exchange.
- (26) Describe Bidder's claims administration procedures
- (27) What guarantees does Bidder provide to ensure members will not be balance billed for in-network services?
- (28) Describe how Bidder identifies and addresses inappropriate patterns of treatment.
- (29) Describe Bidder's fraud and abuse program.
- (30) Describe what steps Bidder takes to protect patient privacy and how Protected Health Information (PHI) is handled?
- (31) Verify whether the Exchange will be provided a dedicated member services unit.

- (32) Verify whether Bidder will provide a dedicated interactive voice response member services number and indicate which member services options are available via interactive voice response.
- (33) Bidder must indicate the ways in which Bidder's member services organization is able to accommodate the special language needs of enrollees.
- (34) Confirm that the following programs or services will be made available to enrollees in 2014: risk assessments, disease management programs, and care reminders.
- (35) Provide a description of Bidder's standard communications materials.
- (36) Bidder must indicate any plan sponsor tools and information Bidder offers, how it may be accessed, the training on those tools and information, and the level of guaranteed availability for the tools and information.
- (37) Describe whether Bidder owns its provider networks or contracts with other organizations and if Bidder contracts with other organizations, please provide those organizations' names.
- (38) Verify whether Bidder's provider network directory is available online.
- (39) Describe how often Bidder's online and printed directory is updated.
- (40) Bidder must specify the number of contracted providers for each provider type, and the number of open practices for each provider type for each rating region.
- (41) Bidder must describe its network growth plan for the California network in 2014.
- (42) Bidder must describe its process for recruiting new dentists.
- (43) Bidder must provide the percentage of Bidder's network providers that are not accepting new patients.
- (44) Bidder must provide the percentage of Bidder's network providers that have office visit waiting times in excess of 30 days.
- (45) Bidder must provide its network turnover rate or rate of termination?
- (46) Bidder must describe in detail its credentialing and re-credentialing processes for providers.
- (47) Provide a description of the quality indicators used to evaluate Bidder's provider network and whether Bidder has an incentive program for network providers.
- (48) Describe the steps Bidder takes to investigate member-reported quality of care issues regarding a provider and whether it has terminated network dentists based on its investigation of a member-reported quality complaint.
- (49) Bidder must provide its target and actual performance on its customer service performance measures, utilization performance measures, rating performance measures, and any other metrics that are in place to monitor the performance of member services.

- (50) Describe any new positions proposed for Bidder's Exchange-related sales and marketing activities.
- (51) Describe Bidder's plan to cooperate with Exchange marketing and outreach efforts, including internal and external training, collateral materials, and other efforts.
- (53) Bidder must implement a quality assurance program in accordance with California Code of Regulations, Title, 2 § 1300.70, for evaluating the appropriateness and quality of the covered services provide to members.

(d) Bidder must submit a bid for at least one of the following standard plan designs (PPO and/or DHMO):

Procedure Categories	PPO:		DHMO:	
	PPO High	PPO Low	DHMO High	DHMO Low
Diagnostic & Preventive (D&P) X-rays, Exams, Cleanings Sealants	Plan Pays: 100% 100%		Copays: \$0 \$0	
Office Visit	n/a	n/a	\$0	\$20
Basic Services - Basic Restorative	80%	50%	\$40	\$95
Major Services - Crowns & Casts, Prosthodontics, Endodontics, Periodontics, Oral Surgery	50%	50%	\$365	\$365
Orthodontics (Medically Necessary)	50%	50%	\$1,000	\$1,000
Deductible	\$50 (not applied to D&P)	\$60 (applied to all services)	None	None
Annual Maximum	None	None	None	None
OOP Maximum	\$1,000	\$1,000	\$1,000	\$1,000
Waiting Periods (Major & Ortho)	None	None	None	None
Actuarial Value (AV)	86%	72%	87%	72%
DHMO copayments for Basic Services and Major Services vary by procedure within these categories. Using a statistically significant set of claims data, the Bidder's average copay charged for procedures in this category cannot exceed the stated amount.				

(e) The evaluation of dental plan bids will be guided by the following principles of evaluation:

- (1) The Exchange will seek to encourage value competition based on quality, service, and price.
- (2) The Exchange will seek to encourage competition based upon meaningful dental plan choice and product differentiation by requiring Bidders to submit one of the Exchange's adopted standardized benefit plan designs in each region for which they submit a bid.
- (3) The Exchange will seek to encourage competition throughout the State by requiring that dental plan issuers submit bids in all geographic service areas in which they are licensed.
- (4) The Exchange will seek to encourage alignment with providers and delivery systems that serve the low-income population through additional consideration for bids that demonstrate an ongoing commitment or capacity to serve the cultural, linguistic, and dental care needs of the low income and uninsured populations, beyond the minimum requirements adopted by the Exchange.

(f) Bidder must comply with the following response instructions:

- (1) Responses are due by 5:00 pm Pacific Time on April 2, 2013.
Responses received after the response deadline will be rejected.
- (2) Each firm may submit only one response as a primary vendor, and up to one response as a member of a Coalition. For the purposes of this paragraph, "firm" includes a parent corporation of a firm and any other subsidiary of that parent corporation. If a firm submits more than one response, as either a primary vendor or as a member of a coalition, the Exchange will reject all responses submitted by that firm.
- (3) Responses must include a cover letter with the following information:
Bidder's company name, mailing address and telephone number, contact person's name, title, email address, telephone number and fax number, title of this bid, federal tax identification number, submission date of proposal, original signature of an individual authorized to enter into contracts on behalf of the bidder (provided in blue ink).

Authority: Government Code Section 100504

Reference: Government Code Sections 100502, 100503, 100504, 100505, and 100507



California Health Benefit Exchange

Board Members

Diana S. Dooley, Chair
Kimberly Belshé Paul Fearer
Susan Kennedy Robert Ross, MD

Executive Director

Peter V. Lee

February 8, 2013

ADVANCE NOTICE OF INTENT TO FILE EMERGENCY REGULATIONS

This notice is sent in accordance with Government Code Section 11346.1(a)(2), which requires that State of California agencies give a five working day advance notice of intent to file emergency regulations with the Office of Administrative Law (OAL). The California Health Benefit Exchange ("Exchange") intends to file an Emergency Rulemaking package with the Office of Administrative Law (OAL) that affects the Exchange's contracting process and standards for selecting and contracting with Qualified Health Plans offering the pediatric dental essential health benefit for the sale of those plans through the Health Benefit Exchange starting October 1, 2013. As required by subdivisions (a)(2) and (b)(2) of Government Code Section 11346.1, this notice appends the following: (1) the specific language of the proposed regulation and (2) the Finding of Emergency, including specific facts demonstrating the need for immediate action, the authority and reference citations, the informative digest and policy statement overview, attached reports, and required determinations.

The Exchange plans to file the Emergency Rulemaking package with OAL at least five working days from the date of this notice. If you would like to make comments on the Finding of Emergency or the proposed regulations (also enclosed), they must be received by both the Exchange and the Office of Administrative Law within five calendar days of the Exchange's filing at OAL. Responding to these comments is strictly at the Exchange's discretion.

Comments should be sent simultaneously to:

California Health Benefit Exchange
Attn: Brandon Ross
560 J Street, Suite 290
Sacramento, CA 95814

Office of Administrative Law
300 Capitol Mall, Suite 1250
Sacramento, CA 95814

Please note that this advance notice and comment period is not intended to replace the public's ability to comment once the emergency regulations are approved. The

Exchange will hold a public hearing and 45-day comment period within the 180 day certification period following the effective date of the emergency regulations.

Please contact Brandon Ross at 916-323-3502 or info@hbex.ca.gov if you have any questions concerning this Advance Notice.

FINDING OF EMERGENCY

The Director of the California Health Benefit Exchange finds that an emergency exists and that this proposed emergency regulation is necessary to address a situation that calls for immediate action to avoid serious harm to the public peace, health, safety or general welfare.

DEEMED EMERGENCY

The Exchange may "Adopt rules and regulations, as necessary. Until January 1, 2016, any necessary rules and regulations may be adopted as emergency regulations in accordance with the Administrative Procedures Act. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare." (Gov. Code, § 100504(a)(6)).

AUTHORITY AND REFERENCE

Authority: Government Code Section 100504.

Reference: Government Code Sections 100502, 100503, 100504, 100505, and 100507.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Documents to be incorporated by reference:

None

Summary of Existing Laws

Existing law, the California Patient Protection and Affordable Care Act, established the California Health Benefit Exchange. The Exchange is responsible for arranging and contracting with health insurance issuers to provide affordable, quality health insurance coverage to qualified individuals and qualified employers through the Exchange. (Gov. Code, § 100500 et seq.) In order to provide health care coverage through the Exchange, the Exchange must contract with health insurance issuers through a competitive selection process based on uniform standards and criteria that must be developed by the Exchange. (Gov. Code, §§ 100503, 100504).

The Exchange has previously promulgated regulations on the selection process for qualified health plans to be offered through the Exchange. (California Code of Regulations, Title 10, § 6410 et seq.). Those regulations identified the selection process for health plans offering health coverage that includes the essential health benefits identified in 42 U.S.C. § 18022, with the exception of the pediatric dental essential health benefit. These proposed regulations establish the selection process for the selection of qualified health plans offering the pediatric dental essential health benefit.

State and Federal law require the Exchange to allow the issuer of a health plan offering the pediatric dental essential health benefit to offer that plan through the Exchange. (42 U.S.C. § 18031(d)(2); (Gov. Code § 100503). The proposed regulations establish the criteria and process for those plans offering the pediatric dental essential health benefit to be selected and certified by the Exchange to offer those plans through the Exchange.

The proposed regulations will also ensure that all health plan issuers offering the pediatric dental essential health benefit are on a level playing field and have an equal opportunity to be selected for participation in the Exchange. Additionally, these regulations will increase transparency in the Exchange's process for selecting qualified health plans offering the pediatric dental essential health benefit, which will result in greater consumer confidence in the Exchange.

The proposed regulations will provide the framework for the Exchange to contract with health insurance issuers offering the pediatric dental essential health benefit and offer that coverage through the Exchange to millions of Californians. The proposed regulations will specifically benefit millions of Californians by providing them with the opportunity to purchase high-quality, affordable health insurance that covers the pediatric dental essential health benefit required pursuant to federal and state law. The Exchange is the sole marketplace where Californians at certain income levels will be able to use federal tax credits to reduce the cost of their health insurance premiums and to purchase coverage that is eligible for federal subsidies that will reduce the cost-sharing requirements in their health plans. Without these proposed regulations, Californians would be unable to use federal tax subsidies for the purchase of health insurance that offers the pediatric dental essential health benefit through the Exchange.

After an evaluation of current regulations, the Exchange has determined that these proposed regulations are not inconsistent or incompatible with any existing regulations. The Exchange is the sole agency authorized to contract for the sale of the qualified health plans through the California Health Benefit Exchange. As such there are no other regulations in existence that are incompatible or inconsistent with the proposed regulations. Further, the proposed regulations are not inconsistent or incompatible with any other regulations that address health plans outside of the Exchange.

MATTERS PRESCRIBED BY STATUTE APPLICABLE TO THE AGENCY OR TO ANY SPECIFIC REGULATION OR CLASS OF REGULATIONS

None.

LOCAL MANDATE

The Executive Director of the California Health Benefit Exchange has determined that this proposed regulatory action does not impose a mandate on local agencies or school districts.

FISCAL IMPACT ESTIMATES (Attached Form 399)

This proposal does not impose costs on any local agency or school district for which reimbursement would be required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code. This proposal does not impose other nondiscretionary cost or savings on local agencies.

COSTS OR SAVINGS TO STATE AGENCIES (Attached Form 399)

The proposal results in additional costs to the California Health Benefit Exchange, which is funded by federal grant money. The proposal does not result in any costs or savings to any other state agency.



California Health Benefit Exchange

Board Members

Diana S. Dooley, Chair
Kimberly Belshé Paul Fearer
Susan Kennedy Robert Ross, MD

Executive Director

Peter V. Lee

March 22, 2013

STATEMENT OF CONFIRMATION OF MAILING OF FIVE-DAY EMERGENCY NOTICE

(Title 1, CCR section 50(a)(5)(A))

The California Health Benefit Exchange sent notice of the proposed emergency action to every person who has filed a request for notice of regulatory action at least five working days before submitting the emergency regulation to the Office of Administrative law in accordance with the requirements of Government Code section 11346.1, subdivision (a)(2).

ECONOMIC AND FISCAL IMPACT STATEMENT**(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2008)

See SAM Section 6601 - 6616 for Instructions and Code Citations

DEPARTMENT NAME California Health Benefit Exchange	CONTACT PERSON David Maxwell-Jolly	TELEPHONE NUMBER 916-323-3625
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Process for selecting Pediatric Dental Health Plans for the Exchange		NOTICE FILE NUMBER Z

ECONOMIC IMPACT STATEMENT**A. ESTIMATED PRIVATE SECTOR COST IMPACTS (Include calculations and assumptions in the rulemaking record.)**

1. Check the appropriate box(es) below to indicate whether this regulation:

- | | |
|---|---|
| <input type="checkbox"/> a. Impacts businesses and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below. Complete the Fiscal Impact Statement as appropriate.) |

h. (cont.) _____

(If any box in Items 1 a through g is checked, complete this Economic Impact Statement.)

2. Enter the total number of businesses impacted: _____ Describe the types of businesses (Include nonprofits.): _____

Enter the number or percentage of total businesses impacted that are small businesses: _____

3. Enter the number of businesses that will be created: _____ eliminated: _____

Explain: _____

4. Indicate the geographic extent of impacts: ☐ Statewide ☐ Local or regional (List areas.): _____

5. Enter the number of jobs created: _____ or eliminated: _____ Describe the types of jobs or occupations impacted: _____

6. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?

☐

Yes

☐

No

If yes, explain briefly: _____

B. ESTIMATED COSTS (Include calculations and assumptions in the rulemaking record.)

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ _____

a. Initial costs for a small business: \$ _____

Annual ongoing costs: \$ _____

Years: _____

b. Initial costs for a typical business: \$ _____

Annual ongoing costs: \$ _____

Years: _____

c. Initial costs for an individual: \$ _____

Annual ongoing costs: \$ _____

Years: _____

d. Describe other economic costs that may occur: _____

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

2. If multiple industries are impacted, enter the share of total costs for each industry: _____
3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. (Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.): \$ _____
4. Will this regulation directly impact housing costs? ☐ Yes ☐ No If yes, enter the annual dollar cost per housing unit: _____ and the number of units: _____
5. Are there comparable Federal regulations? ☐ Yes ☐ No Explain the need for State regulation given the existence or absence of Federal regulations: _____
- Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ _____

C. ESTIMATED BENEFITS (Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. Briefly summarize the benefits that may result from this regulation and who will benefit: _____
2. Are the benefits the result of : ☐ specific statutory requirements, or ☐ goals developed by the agency based on broad statutory authority?
Explain: _____
3. What are the total statewide benefits from this regulation over its lifetime? \$ _____

D. ALTERNATIVES TO THE REGULATION (Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.)

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: _____
2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:
- | | | |
|----------------|-------------------|----------------|
| Regulation: | Benefit: \$ _____ | Cost: \$ _____ |
| Alternative 1: | Benefit: \$ _____ | Cost: \$ _____ |
| Alternative 2: | Benefit: \$ _____ | Cost: \$ _____ |

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: _____
4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? ☐ Yes ☐ No
Explain: _____

E. MAJOR REGULATIONS (Include calculations and assumptions in the rulemaking record.) Cal/EPA boards, offices, and departments are subject to the following additional requirements per Health and Safety Code section 57005.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million ? ☐ Yes ☐ No (If No, skip the rest of this section.)

2. Briefly describe each equally as an effective alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: \$ _____ Cost-effectiveness ratio: \$ _____

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT (Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

☐ 1. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code. Funding for this reimbursement:

☐ a. is provided in _____, Budget Act of _____ or Chapter _____, Statutes of _____

☐ b. will be requested in the _____ Governor's Budget for appropriation in Budget Act of _____
(FISCAL YEAR)

☐ 2. Additional expenditures of approximately \$ _____ in the current State Fiscal Year which are not reimbursable by the State pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code because this regulation:

☐ a. implements the Federal mandate contained in _____

☐ b. implements the court mandate set forth by the _____
court in the case of _____ vs. _____

☐ c. implements a mandate of the people of this State expressed in their approval of Proposition No. _____ at the _____
election; (DATE)

☐ d. is issued only in response to a specific request from the _____
_____, which is/are the only local entity(s) affected;

☐ e. will be fully financed from the _____ authorized by Section _____
(FEES, REVENUE, ETC.)
_____ of the _____ Code;

☐ f. provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each such unit;

☐ g. creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

☐ 3. Savings of approximately \$ _____ annually.

☐ 4. No additional costs or savings because this regulation makes only technical, non-substantive or clarifying changes to current law regulations.

ECONOMIC AND FISCAL IMPACT STATEMENT cont. (STD. 399, Rev. 12/2008)

☒ 5. No fiscal impact exists because this regulation does not affect any local entity or program.

☐ 6. Other.

B. FISCAL EFFECT ON STATE GOVERNMENT (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

☐ 1. Additional expenditures of approximately \$ _____ in the current State Fiscal Year. It is anticipated that State agencies will:

☐ a. be able to absorb these additional costs within their existing budgets and resources.

☐ b. request an increase in the currently authorized budget level for the _____ fiscal year.

☐ 2. Savings of approximately \$ _____ in the current State Fiscal Year.

☒ 3. No fiscal impact exists because this regulation does not affect any State agency or program.

☐ 4. Other.


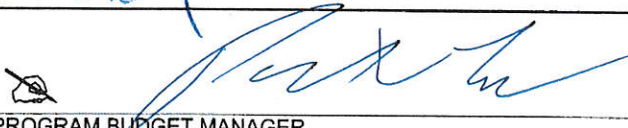

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS (Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.)

☒ 1. Additional expenditures of approximately \$ 213,000 in the current State Fiscal Year.

☐ 2. Savings of approximately \$ _____ in the current State Fiscal Year.

☐ 3. No fiscal impact exists because this regulation does not affect any federally funded State agency or program.

☒ 4. Other. Assumptions and fiscal statement for subsequent fiscal years attached.

FISCAL OFFICER SIGNATURE		DATE
		<u>2/8/13</u>
AGENCY SECRETARY ¹ APPROVAL/CONCURRENCE		DATE
		<u>2/8/13</u>
DEPARTMENT OF FINANCE ² APPROVAL/CONCURRENCE	PROGRAM BUDGET MANAGER	DATE
		

1. The signature attests that the agency has completed the STD.399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or department not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

2. Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD.399.

Assumptions:

- Health Benefit Exchange will receive federal grant funds to support operations through Dec 2014
- Starting in Jan 2015, the Exchange will be financially self-sustaining
- State general funds will not be used to support Exchange Activities

Health Plan Management

Expenditure Category	FY 2012/13	FY 2013/14	Total
Salaries	94,425	65,669	160,094
Benefits	36,826	25,611	62,437
OE&E	16,275	11,200	27,475
Sub-Total	147,526	102,479	250,006
Contractual	65,288	65,287	130,575
Total	\$ 212,814	\$ 167,767	\$ 380,581